VZCZCXRO4021 PP RUEHFK RUEHKSO RUEHNAG RUEHNH DE RUEHKO #5325/01 2580735 ZNR UUUUU ZZH P 150735Z SEP 06 FM AMEMBASSY TOKYO TO RUEHC/SECSTATE WASHDC PRIORITY 6416 INFO RUEKJCS/SECDEF WASHDC PRIORITY RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY RUEAWJA/USDOJ WASHDC PRIORITY RULSDMK/USDOT WASHDC PRIORITY RUCPDOC/USDOC WASHDC PRIORITY RUEAIIA/CIA WASHDC PRIORITY RUEKJCS/JOINT STAFF WASHDC//J5// RHHMUNA/HQ USPACOM HONOLULU HI RHHMHBA/COMPACFLT PEARL HARBOR HI RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// RHMFIUU/COMUSJAPAN YOKOTA AB JA//J5/JO21// RUYNAAC/COMNAVFORJAPAN YOKOSUKA JA RUAYJAA/COMPATWING ONE KAMI SEYA JA RUEHNH/AMCONSUL NAHA 0629 RUEHFK/AMCONSUL FUKUOKA 8073 RUEHOK/AMCONSUL OSAKA KOBE 1423 RUEHNAG/AMCONSUL NAGOYA 7843 RUEHKSO/AMCONSUL SAPPORO 9166 RUEHBJ/AMEMBASSY BEIJING 4178 RUEHUL/AMEMBASSY SEOUL 0309 RUCNDT/USMISSION USUN NEW YORK 1949

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E.O. 12958: N/A

TAGS: OIIP KMDR KPAO PGOV PINR ECON ELAB JA

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 09/15/06

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Prime Minister's schedule, September 14

NIHON KEIZAI (Page 2) (Full) September 15, 2006

10:27:

Inspected the Patent Agency, accompanied by Minister of Economy, Trade and Industry Nikai.

11:15Met with Nihon Keizai Shimbun President Sugita at Kantei.

Met with Cabinet Intelligence Director Mitani.

15:05:

13:03:

Met with LDP Secretary General Takebe.

16:00:

Met with Middle East Cooperation Center Chairman Nemoto, and later Todaiji Temple Steward Morimoto.

17:05:

Met with Deputy Chief Cabinet Secretary Saka.

18:30:

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Met with Nigerian President Obasanjo at his residence and hosted a dinner party for the president.

4) Shot strikes envoy's vehicle in Baghdad

YOMIURI (Page 2) (Excerpts) September 15, 2006

A shot fired in Baghdad struck a vehicle carrying Takashi Ashiki, the charge d'affaires ad interim at the Japanese Embassy at around 1:50 p.m. Sept. 14 (6:50 p.m. the same day, Japan time), the Foreign Ministry announced. One of the several shots struck the vehicles' windshield, cracking it. Although the vehicle carried Ashiki, his driver, and security personnel, no injuries were reported in the incident.

According to the Foreign Ministry and other sources, Ashiki was on his way back to the embassy from the Iraqi Foreign Ministry. A four-vehicle convoy driving ahead of Ashiki's car fired warning shots at a parked vehicle when it tried to cut into the convoy and a stray bullet from them struck the envoy's vehicle.

A ministry official denied the shot was aimed at the senior Japanese diplomat. "Judging from the circumstances, it is unlikely that a terrorist had a hand in the incident," he said.

In November 2003, two Japanese diplomats - Katsuhiko Oku and Masamori Inoue - were shot dead by unknown attackers.

At present, Ambassador Hisao Yamaguchi and several other officials are serving at the Japanese Embassy in Iraq.

5) Koizumi to Nigerian president: I would like to make efforts to strengthen bilateral ties even after stepping down

YOMIURI (Page 4) (Full) September 15, 2006

Prime Minister Koizumi met with Nigerian President Obasanjo at the Kantei last night and told him: "You are the last foreign prominent figure whom I will meet before the Liberal Democratic Party presidential election on Sept. 20. Even after stepping down as prime minister, I would like to do my best to strengthen relations between Japan and Africa, as well as between Japan and Nigeria." They also agreed that their two countries would continue to make efforts to achieve United Nations Security Council reform based on the view that now is the best time to do so.

6) Japan to propose new nuclear fuel provision plan to counter monopoly by US, Europe, and Russia

YOMIURI (Page 2)(Abridged slightly) September 15, 2006 The government has decided to present to the International Atomic Energy Agency (IAEA) a new vision to create a multinational nuclear fuel provision guarantee system for countries that have abandoned developing nuclear weapons with the aim of promoting the peaceful use of nuclear energy. Atomic Energy Commission Chairman Shunsuke Kondo will announce the plan at a session after the IAEA meeting, scheduled to open on Sept. 18.

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Japan has come up with this proposal called the "nuclear fuel supply registration system" as a counterproposal to the nuclear fuel supply insurance system, presented by six countries, including the United States, European nations, and Russia, at the regular IAEA Board of Governors meeting in June. The plan designed to allow the six countries that presently monopolize the provision of uranium fuel for power generation to control the management of nuclear materials has drawn fire from developing countries. Japan's proposal, on the other hand, is designed to allow a wide range of countries, including developing countries, to join the supply side.

Under Japan's plan, every country will be required to register its ability and technology for supplying nuclear fuel, with the IAEA serving as a coordinator. The IAEA will assign tasks to each country in providing nuclear fuel to countries that have abandoned enriching uranium and reprocessing plutonium.

In registering themselves, countries will be classified into three groups - those capable of producing fuel domestically, those who have exported fuel on a commercial basis, and those who have exportable reserves - in such fields as uranium mining, enrichment, and fuel processing.

The nuclear fuel market is expected to generate attractive business opportunities, as many countries are expected to introduce more nuclear power plants to combat global warming. For Japan, which already has enrichment technology and is eager to develop overseas markets, the plan produced by the six countries is difficult to accept, necessitating the drafting of a counterproposal.

Because of its active cooperation with the NPT framework, Japan has been the only non-nuclear-weapons state allowed to commercially enrich and reprocess uranium. Japan's "special privilege," however, has incurred international envy. Tokyo intends to increase its voice internationally by demonstrating its eagerness to create a new system.

7) Japan to impose financial sanctions on North Korea as early as Sept. 19; remittances effectively banned

TOKYO SHIMBUN (Top play) (Full) September 15, 2006

The government yesterday began final coordination to get cabinet approval as early as Sept. 19 for financial sanctions on North Korea in accordance with the United Nations Security Council (UNSC) resolution adopted against the North for its recent series of ballistic missile launches. Lying behind this move is Tokyo's judgment that additional sanctions will be necessary given that Pyongyang has refused to return to the six-party talks, an item mentioned in the resolution. All this was revealed by a few government officials.

Japan will impose sanctions under the Amendment to the Foreign Exchange and Foreign Trade Control Law, as the UNSC resolution calls for measures to prevent the transfer of technology and materials relating to North Korea's nuclear and missile development.

Specifically, the sanctions will include monitoring the flow of money through bank accounts of organizations and individuals suspected of having connections to Pyongyang's WMD development. Remittances to bank accounts in North Korea, as well as to North

Korea-related bank accounts in third countries, will effectively be prohibited with the introduction of an approval system until after it is proved that those bank accounts have nothing to with weapons development. Japan is also considering freezing assets held by North Korean government officials and others in Japan.

Behind the government's move to impose sanctions is its intention to call on the rest of the world to step up pressure on North Korea by showing its tough stance on the eve of the United Nations General Assembly.

On July 5, when North Korea launched ballistic missiles, the government banned the North's cargo-passenger ship Man Gyong Bong from entering Japanese ports under a special law. On financial sanctions, the government established a working-level task force after the UNSC adopted the resolution and discussed who would be subject to such sanctions.

8) Japan to put more pressure on North Korea by imposing financial sanctions

NIHON KEIZAI (Page 2) (Full) September 15, 2006

The government has decided to impose financial sanctions on North Korea. The aim is to increase pressure from the international community under the lead of Japan and the US in order to prevent future missile launches and a possible nuclear test, as well as to push Pyongyang to return to the six-party talks. By taking even tougher measures while Prime Minister Junichiro Koizumi is in office, Japan also wants to lay the groundwork for the next administration to have two options against North Korea: relaxation of sanctions and further pressure.

Following North Korea's recent ballistic missile launches, the government has prompted the rest of the world through the United Nations Security Council (UNSC) resolution and statements issued by such conferences as the Group of Eight summit conference (in St. Petersburg, Russia) and the Asia-Europe Meeting Summit Conference to join hands to surround North Korea.

North Korea, however, has not shown any signs of returning to the six-party talks. So some in the government have loudly insisted on the need to impose additional sanctions on that country.

China, which has been friendly with North Korea, has begun to voice its opposition to Pyongyang's missile launches and continuing nuclear development. Now that there is movement toward resuming summits between Japan and China, some believe that sanctions would have more impact if imposed in cooperation with other countries.

The US government in recent weeks has called on UN members to impose sanctions as quickly as possible, hoping that China and South Korea will follow Japan in strengthening sanctions. Washington intends to hold multilateral talks on North Korea without the participation of Pyongyang in New York on the sidelines of the UN General Assembly starting on Sept. 19.

The US has asked Vietnam, Russia, and other countries near North Korea to investigate monetary flows, such as money laundering by North Korea-related bank accounts. According to English-language newspapers and other sources, banks in China and several other

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countries have responded to America's request and have now frozen North Korea-related bank accounts.

9) Poll: Support rate for Koizumi cabinet averages 56 PERCENT (since April 2001 launching), second highest on record

YOMIURI (Page 2) (Abridged) September 15, 2006

The Yomiuri Shimbun conducted its last opinion survey on support for the Koizumi cabinet on Sept. 9--10. In the nationwide face-to-face

survey, the rate of support marked 53.0 percent, up 1.9 points from last month. The average rate of support (excluding telephone-based surveys and large-scale polls before national elections) since the Koizumi administration was launched in April 2001 is 56.0 PERCENT — the second highest following the Hosokawa cabinet's 67.2 percent under the current polling system that started in March 1978 during the Fukuda cabinet.

The Koizumi cabinet also marked the second highest following Hosokawa's 55.1 percent in the support rate in the closing days of the cabinet. Considering the fact that Hosokawa was in power for less than nine months, Koizumi's rate was unusually high for a cabinet that lasted over one year.

10) Opinion poll on Koizumi administration's five year record: 64 percent give praise, 51 percent say it was good that abductees were returned to Japan, and 28 PERCENT call reform of social security system a mistake

MAINICHI (Top play) (Excerpts) September 15, 2006

In a nationwide opinion poll (face-to-face interviews) carried out by the Mainichi Shimbun (Sept. 1-3), 64 percent of the public "appreciated" the accomplishments of the Koizumi administration over the last five years and five months, while another 34 percent expressed a negative evaluation. The fact that approximately two-thirds of the Japanese public highly evaluate the Koizumi administration seems likely to have a not-insignificant effect on the political management of the country by the next prime minister, centering on whether to continue the Koizumi policy line and other aspects of his administration. In the policy area, the public gave high praise to the prime minister's two trips to Pyongyang that resulted in returning to Japan some of the victims of abductions by North Korea. However, there was little praise for Koizumi's social security policy and for his dispatching the Self-Defense Forces to Iraq.

On the specific policies of the Koizumi administration, the question involved seven choices with the options being "I think it was good," or, "I think it was a mistake." In the "good" category, 1) 51 percent lauded the return to Japan of some victims abducted by North Korea; 2) 18 percent chose postal privatization; and 3) 9 percent selected disposal of the non-performing loans of banks. Koizumi received the most praise for his two sudden trips to Pyongyang that resulted in the return of some abductees and their families.

However, he did not receive much public endorsement of his national security policy, with only 3 percent approving of his "strengthening the Japan-US alliance by such means as the agreement to realign US

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forces in Japan," and 4 percent approving "the dispatch of the SDF to Iraq ."

On the other hand, in choosing the "mistakes" in Koizumi's policy choices, heading the list with 28 percent of the public was his "reform of the social security system, including medical care and pensions." This selection indicates a deep sense of anxiety among the public toward the future. Next, 18 percent of the public chose the Iraq dispatch of the SDF as a "mistake," and 17 percent thought his annual visits to Yasukuni Shrine was a "mistake." Even postal privatization received 11 percent disapproval. Evaluation of his policies shows the nation to be divided.

11) Extraordinary session to last 81 days; LDP aims at revising Basic Education Law

ASAHI (Page 2) (Full) September 15, 2006

The new administration to be launched following the Liberal Democratic Party presidential election will have its first showdown with the Democratic Party of Japan (DPJ = Minshuto) in an extraordinary Diet session. Prospects have now become strong that

the session will run as long as 81 days from Sept. 26 through Dec. 115. Chief Cabinet Secretary Abe, who is believed certain to win the presidential race, wants to get key bills, including one amending the Basic Education Law, passed into law before year's end, by securing the longest possible Diet session running until immediately before the year-end budget compilation. Another aim is to take the initiative in the Diet so that he can make his leadership felt quickly with an eye on the Upper House election next summer.

The LDP proposed this schedule at a meeting of chief directors of the Lower House Diet Steering Committee on Sept. 14. Minshuto has decided to agree with this schedule. The LDP is determined to secure Diet passage of a bill upgrading the Defense Agency to ministry status, as well as a bill amending the Basic Education Law. It will submit a set of bills reforming the Social Insurance Agency after modification. Chances are, however, that deliberations on those bills could be postponed until the regular session, along with an amendment to the Organized Crime Punishment Law designed to create the offense of conspiracy and a national referendum bill in relation to constitutional revision.

In the meantime, Lower House by-elections will take place in the Kanagawa No. 16 Constituency and the Osaka No. 9 Constituency on Oct. 22. Minshuto is gearing up to harshly pursue Abe over his view of wartime history right from the beginning of the session. Debate on an extension of the Antiterrorism Special Measures Law, which expires Nov. 1, will likely focus on the right of collective defense. The upcoming extraordinary Diet session will likely be a full-fledged session in which the ruling and opposition camps clash head-on.

12) Main themes of educational reform council envisaged by Abe: 10 items, including raising academic performance to best in the world; 20 private citizens, including schoolteachers, to be picked as panel members

TOKYO SHIMBUN (Page 1) (Almost Full) September 15, 2006

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Chief Cabinet Secretary Abe, now running in the Liberal Democratic Party (LDP) presidential race, intends to set up an educational reform promotion council, once he becomes prime minister. Main themes for the envisaged panel to tackle and its line-up were generally decided yesterday. The council will likely tackle at least 10 themes, including strengthening basic academic performance to bring Japan to the top level in the world, as well as requiring students to engage in volunteer activities in the period between high school graduation and the start of university courses, which would involve changing the start of the school year at national and public universities (from April) to September.

The envisaged council is being characterized as an educational equivalent to the Council on Economic and Fiscal Policy. It will likely be launched in October as a private advisory organ reporting to the prime minister.

Abe will chair the panel, and its membership will include about 20 private citizens, such as college professors, schoolteachers, and business leaders, as well as the minister of education, culture, sports, science and technology and a prime ministerial assistant in charge of education.

Proposals for the main themes to be handled by the panel included: (1) the introduction of a voucher system, under which students select schools and pay fees using vouchers distributed by their local governments; (2) a system by which the central government evaluates each school's academic level and educational situation; and (3) a teaching license renewal system. Other ideas included making full use of authorized facilities for children by combining kindergartens and day-care centers. Once specific policies are set, related bills would be submitted to next year's Diet session at the earliest in order of those that require revisions of related laws.

13) LDP unofficially asks Minshuto for 81-day extraordinary Diet

session, with aim of early passage of key bills

YOMIURI (Page 4) (Full) September 15, 2006

The Liberal Democratic Party has unofficially asked Minshuto (Democratic Party of Japan) for an 81-day extraordinary Diet session to open Sept. 26 and last until Dec. 15. By holding a long session, the LDP aims to enact as many key bills on the agenda as possible. Behind the LDP request is also speculation in the LDP and New Komeito that it is undesirable to deal with bills on which the public or support groups are split in the regular Diet session to be convened just before the unified local elections and the House of Councillors elections next year. Minshuto intends to basically accept the LDP request.

Chief Cabinet Secretary Abe has revealed that he would give priority to passing these four bills in the extraordinary Diet session: (1) a bill revising the Fundamental Law of Education; (2) bills related to upgrading the Defense Agency to ministry status; (3) a bill amending the Organized Crime Punishment Law to create a new charge of conspiracy; and (4) a national referendum bill governing procedures for constitutional revision

To extend the Antiterrorism Special Measures Law beyond its Nov. 1 expiration date, the government and the ruling parties also plan to revise the law in order to allow the Maritime Self-Defense Force to

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continue providing fuel to US-led coalition forces in the Indian Ocean.

Minshuto, though, has demanded that all bills be carefully deliberated, playing up a confrontational stance. Given this, many in the ruling camp anticipate that it will be difficult to pass all the key bills during the extraordinary Diet session.

14) New Komeito names Acting Secretary General Ota next chief; Kitagawa informally selected as secretary general

ASAHI (Page 2) (Full) September 15, 2006

New Komeito informally decided to designate Acting Secretary General Akihiro Ota to succeed outgoing party chief Kanzaki and replace Secretary General Tetsuzo Fuyushiba with Minister of Land,

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Infrastructure, and Transport Kazuo Kitagawa. It has already asked the Liberal Democratic Party (LDP) to have Fuyushiba either replace Kitagawa as the head of MLIT or the minister or a health, labor, and welfare in the new administration. The LDP intends to agree to accept Fuyushiba as a cabinet minister. Ota will declare his candidacy for the party presidential election at a national meeting of prefectural representatives as early as Sept. 16.

Kanzaki during yesterday's meeting of the permanent board of directors stated, "I will announce my decision to step down at the national meeting of prefectural representatives on Sept. 16." The party will accept candidacies for the presidential election on Sept. 126. However, since no other candidate will run in the election, Ota will be picked as the new leader of the New Komeito at the party convention on Sept. 30.

Regarding who should succeed Kanzaki, some have called for the appointment of Toshiko Hamayotsu, acting head of Soka Gakkai, who is popular in the lay Buddhist group that serves as New Komeito's support base. In the end, however, Ota was chosen given the view that the party head will likely face difficult coordination with the LDP over constitutional revision. Final coordination is now underway to replace Policy Research Council Chairman Yoshihisa Inoue with his deputy Tetsuo Saito and have Acting Secretary General Yoshio Urushibara succeed Diet Policy Committee Chairman Junji Higashi.

15) Abe calls anti-Yasukuni group "a little strange"

TOKYO (Page 2) (Full) September 15, 2006

Chief Cabinet Secretary Shinzo Abe participating in a debate among candidates for the Liberal Democratic Party presidential election held at party headquarters sharply criticized those who oppose prime ministerial visits to Yasukuni Shrine, saying, "Those people who oppose (the prime minister's paying homage at Yasukuni Shrine) are a little strange." Regarding his reason for not making it clear whether he would visit the shrine or not should he be selected prime minister, he repeatedly stressed, "(It is because) it would be used as a diplomatic and political issue." "For some reason, those people who oppose the visits are asking me to clearly state my position," he said, adding, "That is the same as asking me to say something that will irritate China and South Korea." He stressed the contradiction in the position of those opposing Yasukuni visits.

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16) Tanigaki, Kato see Abe's view of history as "problematic"

NIHON KEIZAI (Page 2) (Full) September 15, 2006

Finance Minister Sadakazu Tanigaki yesterday met with Koichi Kato in the Diet, and both termed "problematic" Chief Cabinet Secretary Shinzo Abe's recent remark on the process of normalization of diplomatic ties between Japan and China, as he said that "there was no document" indicating that the Chinese distinguished between Japan's war leaders and the general public. Tanigaki emphasized: "Historical perceptions are important in dealing with other countries. We must keep in mind the process through which Japan was allowed to return to the international community." Kato pointed out that if Abe assumes the post of prime minister, "His (historical awareness) will be made an issue in the extraordinary Diet session." Kato told Tanigaki: "You are the best in terms of policy ideas and composure. You're already a leader."

SCHIEFFER